

storm, like the central banks of Europe, nor even a system of co-operation for guarding against a common danger. For the national banks, and a few of the State banks of New York city, there did indeed exist the Clearing-House Committee, and through its existence it became possible to take certain steps to avert shipwreck after the storm had reached its worst; but among the trust companies there was not even this slender bond of union. When the Clearing House required of New York city trust companies, early in 1903 that they should gradually accumulate ten per cent, in cash reserves against their demand deposits, they withdrew from the Clearing House rather than comply with the requirement¹; and they made no move to secure reinstatement after the State Legislature in 1906 required of all such companies a reserve of fifteen per cent., of which only one third, however, need be in cash, and the other two-thirds might be respectively on deposit in other banking institutions or invested in prescribed securities. In this position of expansion and of isolation, therefore, stood the trust companies when the storm of 1907 broke, adding a portentous burden to the structure of credit sustained by the reserves of the national banks, upon which the entire structure thus ultimately rested.

The speculative field was greatly widened in the United States by the conversion of private manufacturing enterprises into stock companies and the grouping of these companies by consolidation into the dominating factors in their special industries. Large issues of securities for "good will*" became necessary in order to acquire properties which might otherwise prove dangerous competitors, and the securities thus issued became the subject of active speculation for the rise on the stock exchanges. Already, as early as 1900, the number of industrial companies classified by the Census as "combinations" was 183, with capital actually issued to the amount of \$3,085,200,868.^a By the year 1904, the

¹ For details of this action, *vide New York Bankers* Magazine* March, 1903, LXVI., 395--Final report of the Industrial Commission, XIX., 601.